

**BUCKS COUNTY TAX  
COLLECTION COMMITTEE**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2010**



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Certified Public Accountants

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Independent Auditors' Report

Management Committee  
Bucks County Tax Collection Committee  
Bucks County, Pennsylvania

We have audited the accompanying statement of net assets of Bucks County Tax Collection Committee, Pennsylvania, as of December 31, 2010, and the related statements of revenues, expenses, and changes in net assets, and cash flows for the year then ended, as listed in the table of contents. These financial statements are the responsibility of Bucks County Tax Collection Committee's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluation of the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Bucks County Tax Collection Committee, Pennsylvania, as of December 31, 2010, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Bucks County Tax Collection Committee, Pennsylvania has not presented the management discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Bucks County Tax Collection Committee's basic financial statements. The accompanying financial information listed as supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements.

*Bee, Bergvall & Co.*

Bee, Bergvall & Company, P.C.  
Certified Public Accountants

February 8, 2011

BUCKS COUNTY TAX COLLECTION COMMITTEE

Statement of Net Assets

December 31, 2010

**ASSETS**

	<u>2010</u>
Current Assets	
Cash and Cash Equivalents	<u>\$ 68,378</u>
Total Current Assets	<u>68,378</u>
 TOTAL ASSETS	 <u>\$ 68,378</u>

**LIABILITIES AND NET ASSETS**

Current Liabilities	
Accrued Expenses	<u>\$ 1,352</u>
Total Current Liabilities	<u>1,352</u>
 Net Assets	
Unrestricted	<u>67,026</u>
Total Net Assets	<u>67,026</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 68,378</u>

See auditors' report and accompanying notes to financial statements

BUCKS COUNTY TAX COLLECTION COMMITTEE

Statement of Revenues, Expenses, and Changes in Net Assets

For the Year Ended December 31, 2010

	<u>2010</u>
Operating Revenues	
Initial Assessment Fees	\$ 75,008
Operating Grant - DCED	<u>5,000</u>
Total Operating Revenues	<u>80,008</u>
Operating Expenses	
Advertising	1,036
Auditing	1,000
Automobile	380
Insurance	3,949
Legal	1,536
Lodging	379
Office	844
Meal Reimbursement	358
Tax Collection Agreement	<u>3,500</u>
Total Operating Expenses	<u>12,982</u>
Net Operating Income	<u>67,026</u>
Net Assets, Beginning of Year	<u>-</u>
Net Assets, End of Year	<u>\$ 67,026</u>

See auditors' report and accompanying notes to financial statements

BUCKS COUNTY TAX COLLECTION COMMITTEE

Statement of Cash Flows

For the Year Ended December 31, 2010

	<u>2010</u>
Cash flows from operating activities:	
Cash received from municipalities and school districts	\$ 75,008
Cash received from DCED	5,000
Cash paid for operating expenses	<u>(11,630)</u>
Net cash provided by (used in) operating activities	<u>68,378</u>
 Net increase (decrease) in cash and cash equivalents	 68,378
Cash and cash equivalents, at beginning of year	<u>-</u>
Cash and cash equivalents, at end of year	<u>\$ 68,378</u>
 Reconciliation of Net Income (Loss) to Net Cash Provided by (Used In) Operating Activities	
Operating income (loss)	<u>\$ 67,026</u>
 Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:	
Increase (decrease) in accrued expenses	<u>1,352</u>
Total adjustments	<u>1,352</u>
 Net cash provided by (used in) operating activities	 <u>\$ 68,378</u>

See auditors' report and accompanying notes to financial statements



# BUCKS COUNTY TAX COLLECTION COMMITTEE

## Notes to Financial Statements

December 31, 2010

### **I. Summary of Significant Accounting Policies**

#### ***A. Reporting Entity***

The Bucks County Tax Collection Committee (the "TCC") is a government entity created and organized under Act 32 of 2008, which amended and restated the Local Tax Enabling Act. Under Act 32, the TCC is required to appoint a tax collector to collect earned income taxes ("EIT") on a county-wide basis and to oversee tax collection within the Bucks County Tax Collection District (the "TCD"). The TCD includes over 40 boroughs and townships and 7 school districts in Bucks County.

#### ***B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting, the TCC applies all applicable GASB pronouncements. The TCC has elected to apply only those Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins, issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements.

Operating revenues and expenses are distinguished from non-operating items in the statement of revenues, expenses and changes in net assets. Operating revenues and expenses result from providing services in connection with the TCC's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the TCC's policy to use restricted resources first, then unrestricted resources as they are needed.

# BUCKS COUNTY TAX COLLECTION COMMITTEE

## Notes to Financial Statements

December 31, 2010

### **I. Summary of Significant Accounting Policies (Continued)**

#### **C. *Assets, Liabilities, and Net Assets***

##### **1. *Deposits and Investments***

The TCC's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. At December 31, 2010, the TCC held no investments.

*Custodial Credit Risk – Deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the TCC's deposits may not be returned to it. At December 31, 2010, the carrying amount of deposits was \$68,378, and the bank balance was \$68,378. The entire bank balance was covered by depository insurance.

##### **2. *Accrued Expenses***

The TCC's accrued expenses consist of expense amounts related to the 2010 fiscal year which were unpaid at December 31, 2010.

##### **3. *Net Assets***

The TCC's net assets are the differences between the entity's assets and liabilities.

### **II. Stewardship, Compliance, and Accountability**

#### **A. *Governing Body***

The governing body of the TCC is a Board of Delegates that consists of voting delegates appointed by the school districts and municipalities within the TCD. All actions taken by the Board shall be by majority of the weighted voted of those delegates present if a quorum is present. The Department of Economic Development (the "DCED") has determined the weight of each delegate's vote using a formula that considers the proportional population and income tax collected by each taxing authority as a percentage of the respective totals.

#### **B. *Budgetary Information***

Annual budgets are adopted on the accrual basis of accounting, which is consistent with Generally Accepted Accounting Principles (GAAP).

# BUCKS COUNTY TAX COLLECTION COMMITTEE

## Notes to Financial Statements

December 31, 2010

### **II. Stewardship, Compliance, and Accountability (Continued)**

The TCC follows these procedures in establishing the budgetary data reflected in the supplemental information:

1. The Management Committee of the Board of Delegates assists the Treasurer in preparation of the preliminary budget.
2. The proposed budget is distributed to the delegates and taxing authorities at least 60 days prior to the meeting scheduled for adoption of the budget.
3. The budget for the forthcoming fiscal year is adopted before the end of the current fiscal year.
4. All budget revisions require the approval of the Board.
5. The budget may be amended at any Board meeting.
6. Budgetary control is maintained at the account level.

### **III. Other Information**

#### ***A. Funding and Allocation of Costs***

The TCC is funded by one annual payment made by each taxing authority and the net expenses of the TCC are allocated among the taxing authorities. The amounts are calculated using the proportional EIT revenue percentage for each school district and municipality as provided by the DCED as shown in the Act 32 weighted vote calculation spreadsheet for the TCD.

#### ***B. Donated Services***

During 2010, the following services were provided at no cost to the TCC by members of the TCC: Bookkeeping, Solicitor, office space and meeting space.

#### ***C. Appointment of Tax Collector***

On July 29, 2010, the TCC appointed Keystone Collections Group as EIT and local services tax collector for all taxing authorities within the TCD. This new change was brought about by Act 32 of 2008 which requires all municipal governments and school districts in Pennsylvania counties, excluding Philadelphia, to select a single tax collector. Bucks County TCD employers will be required to withhold EIT at the correct rate and remit to Keystone. Keystone will then disburse the tax funds to the proper school district and municipality whether it is within the Bucks County TCD or not.

Keystone will be the official tax collector effective January 1, 2012, however many school districts and communities have elected to accelerate to a January 1, 2011 start date.

BUCKS COUNTY TAX COLLECTION COMMITTEE

Notes to Financial Statements

December 31, 2010

**III. Other Information (Continued)**

***D. Subsequent Events***

The TCC has evaluated events and transactions for potential recognition or disclosure in the financial statements through February 8, 2011, which is the date the statements were available for release. No subsequent events have been recognized or disclosed.

## **SUPPLEMENTAL INFORMATION**

BUCKS COUNTY TAX COLLECTION COMMITTEE

Budget to Actual Comparison

For the Year Ended December 31, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance over (under)</u>
Operating Revenues			
Initial assessment fees	\$ 75,000	\$ 75,008	\$ 8
Operating grant - DCED	5,000	5,000	-
Interest earnings	500	-	(500)
Total Operating Revenues	<u>80,500</u>	<u>80,008</u>	<u>(492)</u>
Operating Expenses			
Advertising	5,000	1,036	(3,964)
Auditing	10,000	1,000	(9,000)
Automobile	-	380	380
Bonding	2,500	-	(2,500)
Insurance	5,000	3,949	(1,051)
Legal	30,000	1,536	(28,464)
Lodging	-	379	379
Office	4,000	844	(3,156)
Meal reimbursement	-	358	358
Tax Collection Agreement	-	3,500	3,500
Total Operating Expenses	<u>56,500</u>	<u>12,982</u>	<u>(43,518)</u>
Operating Income (Loss)	<u>24,000</u>	<u>67,026</u>	<u>43,026</u>
Change in Net Assets	24,000	67,026	43,026
Net Assets, Beginning of Year	-	-	-
Net Assets, End of Year	<u>\$ 24,000</u>	<u>\$ 67,026</u>	<u>\$ 43,026</u>

See accountants' report